



### **Impact of EPA 111(d) plan on Virginia's Manufacturers**

Virginia manufacturers have concerns with EPA's proposed rule to regulate carbon emissions from existing electric power generators under Section 111(d) of the Clean Air Act. Due to the global nature of manufacturing, the industry is susceptible to the increasing costs of energy, regulation and taxation. Comprehensive energy policies with an emphasis on reliable supply at affordable prices are essential to ensuring sustainable economic growth in Virginia's manufacturing sector.

- Virginia's emission performance goals are significantly more stringent than the goals for its neighboring states, putting Virginia at a competitive disadvantage.
- EPA's proposed limits provide Virginia no credit for the progress that Virginia has made in emission reductions since 2005. Significant improvements have been made through natural market forces and voluntary actions and Virginia emissions have been reduced substantially.
- EPA's proposal would require a more stringent standard from existing electric generating units than new units.
- Virginia's EGUs have already implemented the heat rate improvements that are "technically feasible and of reasonable cost," as suggested by building block one. A mandated further 4-6 percent improvement in efficiency is simply not feasible.
- VMA believes a 70 percent dispatch rate, as suggested in building block two, is unrealistic and unsustainable for Virginia's NGCC units.
- The prospects for significant renewable electricity generation in Virginia are not high enough to meet the building block three requirements.
- Building block four suggests a 1.5 percent reduction in electricity consumption every year from now until 2030. Companies have already applied best practices to reduce their energy consumption. A mandated reduction in consumption could be enforced as electricity rationing, causing uncertainty about the reliability of the electricity supply.
- Federal air quality regulations have multiple compounding effects on the bottom line of manufacturers in Virginia and across the country.

### **NAAQS Virginia Faces Economic Harm from New EPA Ground-Level Ozone Levels**

According to a new study conducted by NERA Economic Consulting for the National Association of Manufacturers and the Virginia Manufacturers Association, Virginia manufacturers and households could face significant economic harm if the Environmental Protection Agency (EPA) lowers its ground-level ozone standard later this year from 60 parts per billion (ppb) from the current 75 ppb standard. The new ozone standard could be the most costly regulation in the nation's history.

#### ***Virginia Economic Impact***

- \$46 billion in Gross State Product Loss through 2040

- 36,123 fewer Virginia jobs (or job equivalents) each year through 2040
- \$11 billion increase in total compliance costs across all state sectors from 2017 - 2040
- \$990 more paid by Virginia households annually in the form of lost consumption
- Up to 32% increase in household natural gas prices and up to 15% increase in household electricity prices nationwide
- Estimated shutdown of 31 % of Virginia's coal-fired generating capacity

With so much at stake for states and municipalities, NAM has produced a dynamic [new video](https://www.youtube.com/watch?v=IWVZWu3Xt58) (<https://www.youtube.com/watch?v=IWVZWu3Xt58>) discussing the creation, transport, and regulation of ground-level ozone. For more information, visit [www.nam.org/ozone](http://www.nam.org/ozone).

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<sup>i</sup> NERA Economic Consulting is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For over half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. NERA brings academic rigor, objectivity, and real world industry experience to bear on issues arising from competition, regulation, public policy, strategy, finance, and litigation.